



Ministry of Defence

*2006 / 2007*

*DASA Annual Report and Accounts*

HC785

*DASA*  
defence analytical services agency

# How to contact us ...

DASA has branches that provide statistical information, analysis & advice on a wide variety of subjects.

*The DASA branches and main telephone contact points are as follows:*

Equipment and Personnel Statistics and Analysis Directorate	020 7218 0720	
Personnel Statistics and Analysis sub-Directorate	020 7218 1466	
Naval Service Manpower	02392 547426	
Army Manpower	01980 615050	
Royal Air Force Manpower	01452 712612 ext 7069	
Quad-Service Manpower	020 7807 8896	
Equipment and Personnel Analysis sub-Directorate	01225 467419	
Personnel & Equipment Consultancy	01225 467817	
Equipment & Personnel Analysis	01225 468701	
optimised Support Planning Analysis	01225 467249	
Economics Directorate	020 7218 2573	
General	020 7218 3118	
Appraisal and Evaluation	020 7218 4538	
Economic Statistics	01179 134524	
Health Information and Surveys Division	01225 468456	
Health Information	01225 468456	
Surveys	020 7305 2157	
Corporate Services Division	01225 468675	
Corporate Systems	01225 467077	
Web and Development Services	020 7807 8792	
Corporate Business Management (Personnel, Purchasing, Finance, Corporate)	01225 468100	
<i>The general contact details for DASA are:</i>		
DASA Spur 8, Beckford Block Ensleigh Bath BA1 5AB	Telephone	01225 468100
	Fax	01225 468918
	E-mail	infoatdasa@dasa.mod.uk
	Web site	www.dasa.mod.uk

The above details are correct at time of going to press but are subject to change.



**Annual Report  
&  
Accounts  
2006/07**

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# DASA ANNUAL REPORT & ACCOUNTS 2006/07

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## Foreword by the Chief Executive

2006/07 has been a challenging but ultimately successful year for the Defence Analytical Services Agency (DASA) and this report details our performance against the targets in our Corporate Plan for the year. We fell down on aspects of two of our Key Targets, because of resource and other pressures, but our performance otherwise was very satisfactory. Particularly pleasing was the record figure for customer satisfaction.

This performance has been achieved against a difficult background of changing demands and pressures. The introduction of a new Services personnel system, whilst promising real improvements in future information availability, has caused considerable additional work in validating, correcting and reconciling the new data. There have been other pressures during the year, including improved casualty reporting and a significant increase in the number of Parliamentary questions for answer. Despite these pressures the Agency has been able to invest in its future capability, particularly through progress on a number of projects under our Information Strategy which will increase our ability to handle, manipulate and analyse large data sets efficiently.

DASA's success depends very largely on the skills and experience of our people. Our success has been due to the efforts and hard work of staff across the Agency for which I am very grateful. The direction we have set ourselves will gradually enable the Agency to add greater value to the MoD through more in-depth analyses, and this will be reflected in improvements in the quality of work for our people. It is an exciting prospect and I look forward to all in DASA beginning to see the real fruits of their hard work over the coming year.

**Mike McDowall**  
**CE DASA**  
**28 June 2007**

## Directors' Report

DASA is an Executive Agency of the Ministry of Defence (MoD).

These accounts have been prepared in accordance with a Direction given by the Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

DASA was formed by an amalgamation of three MoD statistical divisions in April 1992 and agency status was granted in that year. The Directorate of Economic Advice was merged into DASA in April 2004.

The role of DASA is to provide economic and statistical information, analysis and advice to the MoD and to provide Parliament, other Government Departments and the Public with defence-related statistics and analytical information. It has been an agency of the MoD since 1992. More detail on DASA's role and responsibilities is contained in its Framework Document\*

DASA's strategic direction is set by its Owner, the MoD's Finance Director, with the support of an Advisory Board whose members are shown in Figure 1. The Owner is responsible for the strategic direction of the Agency and for ensuring that the services provided or proposed are appropriate to the wider MoD needs. The Owner approves DASA's Corporate Plan\*, performance targets and budget, and monitors DASA's performance. DASA's Key Targets are approved by the Minister of State for the Armed Forces and announced in Parliament each year. DASA's performance against its Key Targets is reported through this Annual Report and Accounts.

DASA's main products and services are:

- Defence National Statistics\*
- Statistics, analysis and interpretation on a wide range of defence activity for use within MoD (personnel, financial, logistics, commercial, health, and equipment)
- Forecasting to support the Department's financial, personnel and equipment planning
- Appraisal and evaluation policy, scrutiny and advice to support the MoD's investment decisions
- Consultancy services, advice and research including modelling, economic and statistical analyses, surveys and problem solving

DASA has a strong customer focus, collocating with customers where practical. The Agency headquarters is at Bath with other staff located in London, Innsworth, Portsmouth, Upavon and Bristol. DASA seeks to understand its customers' developing needs and has a number of Customer Advisory Groups to aid this process.

DASA employs a mixture of economists, statisticians, IT specialists and other analysts, and administrative staff. It is an Investor in People, and seeks to provide an environment in which individual contribution, team working, continuous improvement and a good work/life balance are encouraged.

**Figure 1: DASA Owner's Advisory Board 2006/07**

Trevor Woolley	Finance Director and Owner
Maj Gen Mans	Deputy Adjutant General
Lt Gen Louis Lillywhite	Surgeon General
David Noble	Finance Director – DML
Gavin Barlow	DG Management and Organisation
John Pitt-Brooke	Director General Media and Communications
Paul Taylor	Director General Equipment
R Adm Ibbotson	Chief of Staff 2nd Sea Lord
Chris Baker	Director General Service Personnel Policy
Simon Bryant	COS Personnel & Air Secretary
Deborah Loudon	Director General Civilian Personnel
Gordon Croy	Commercial Director and Supply Relations, DPA
Richard Pearson	Consultant (External Member)
Bernard Silverman	Professor of Statistics, Oxford University (external member)
Mike McDowall	Chief Executive, DASA
Janet Dougharty	Director DASA Personnel Statistics & Planning
Ian Gouldbourne	Director DASA Logistics, Surveys, Consultancy and Research
Neil Davies	Director DASA Directorate of Economic Statistics & Advice
Jason Bradbury	Deputy Director DASA Corporate Services Division
Nick Blatchley	Deputy Director DASA Health Services
Ashley Adams	DASA Non-Executive Director

## Chief Executive and Executive Committee

The Chief Executive of DASA is responsible for all aspects of the day to day running of the Agency. He is directly accountable to the Principal Accounting Officer of the MoD (the Permanent Under Secretary) for the propriety and regularity of the Agency's expenditure and its prudent and economical administration. All Board members hold substantive Civil Service contracts. Civil Service Management Code regulations apply on termination of appointment of the Chief Executive and other members of the Executive Committee. The salaries of the Chief Executive and other Board members are determined through the Senior Civil Service or other Civil Service pay award mechanisms as appropriate. Details of Executive Committee remuneration are contained within the Remuneration Report.

The Chief Executive of DASA is the Head of Profession for statistics in the Ministry of Defence, with additional responsibilities for the quality of Defence National Statistics as set out in the National Statistics Framework Document. This role is currently delegated to Director Logistics, Surveys, Consultancy & Research. Director DASA DESA is the Senior Economic Advisor to the Ministry of Defence and Head of Profession of economists in the Department.



The achievement of DASA's Corporate Plan is directed and monitored by the DASA Executive Committee and DASA Strategic Board whose members during 2006/07 are shown in figures 2 and 3 below.

<b>Figure 2: DASA Executive Committee 2006/07</b>	
Mike McDowall	Chief Executive
Janet Dougharty	Director Personnel Statistics and Planning
Ian Gouldbourne	Director Logistics, Surveys, Consultancy and Research
Neil Davies	Director for Economic Statistics and Advice
Nick Blatchley	Deputy Director Health Statistics
Jason Bradbury	Deputy Director Corporate Services Division

<b>Figure 3: DASA Strategic Board 2006/07</b>	
Mike McDowall	Chief Executive
Janet Dougharty	Director Personnel Statistics and Planning
Ian Gouldbourne	Director Logistics, Surveys, Consultancy and Research
Neil Davies	Director for Economic Statistics and Advice
Nick Blatchley	Deputy Director Health Statistics
Jason Bradbury	Deputy Director Central Services Division
Ashley Adams	Non-Executive Director
Richard Pearson	Adviser (member of the Owner's Advisory Board)
Bernard Silverman	Adviser (member of the Owner's Advisory Board)

### **Policy on the Payment of Creditors**

All the Agency's bills were paid through the Defence Bills Agency (DBA). In 2006/07, DBA had a target of paying 99.9% of correctly presented bills within 11 calendar days of receipt. Actual performance against this target was 99.9%. No interest payments arose from the implementation of the Late Payment of Commercial Debts (Interest) Act 1998.

### **Employment Policies**

The Agency's policy is to employ and promote staff on the basis of individual merit in a non-discriminatory manner, reflecting MoD's policy on equality and diversity and the employment and training of disabled persons. The Agency has its own Equal Opportunities Officer, and is actively encouraging training aimed at the personal development of all staff. The Agency has a Safety, Health, Environment and Fire Committee, chaired by the Chief Executive. The Agency is an Investor in People, and was re-accredited against the new standard in September 2004.

### **Auditors**

The accounts are audited by the Comptroller and Auditor General in accordance with Section 7 (3)(b) of the Government Resources and Accounts Act 2000. The notional cost of the statutory audit is £30,500. The auditors received no remuneration for the provision of non audit services during the year.

\*Available at [www.dasa.mod.uk](http://www.dasa.mod.uk)

## Management Commentary

### Key Achievements and developments during 2006/07

DASA's goal for 05/06 and beyond was to see the Agency continuing to improve its links with its data suppliers and other holders of corporate data in the department, and improve the products, services and research we provide to existing customers, as well as some practical activities designed to increase the impact we have within the MoD. DASA launched its Information Strategy which was approved by its Owners Advisory Board in October 2006, setting the framework for DASA to move coherently towards its goal of being the information provider of choice within the MoD.

DASA fully achieved three of its five Key Targets compared with four out of five in 2005/06, and substantially achieved the major elements of the other two Key Targets. One element of Key Target 2 was missed due to a lack of available staff resource to offer consultancy services, and the response times for Parliamentary Questions did not fully meet the target (part of Key Target 3). Overall most targets have been met or exceeded. Performance against Key Targets and the Balanced Scorecard are detailed later within this Commentary.

The two main areas of increased activity this year were work surrounding the implementation of the MoD's Joint Personnel Administration (JPA) system and also statistics gathered by the Health Statistics Directorate on Operational casualties and fatalities. To facilitate the implementation of JPA, DASA has commissioned a programme management office (PMO) to coordinate the delivery and to meet the customer's needs. Working closely with Permanent Joint Headquarters (PJHQ) and the Joint Casualty and Compassionate Centre (JCCC), Health Statistics Directorate validated casualty reports for Ops TELIC and HERRICK have been published on the MoD Web on a monthly basis from May 2006 and fortnightly from Jan 2007. Validation of historic JCCC casualty data was completed during March 2007. This intensive work was recognised by the Chief of the Defence Staff.

It has been a challenging year for DASA, however its staff have performed exceptionally well, achieving 99% of targets in the service level agreements (SLAs) with our customers and achieving 99.2% overall customer satisfaction in the annual customer survey.

A summary of other key achievements and developments is as follows:

#### Personnel Statistics and Planning

We continued to lead and assist on a large number of Parliamentary Questions, and in response to Ministerial Submissions, Ministerial Correspondence and an increased number of Freedom of Information Requests. We contributed to a number of projects within the Service Personnel Programme, including a project exploring manpower planning and forecasting on a tri-service basis. The new Joint Personnel Administration system began, with a lot of our focus being on the transition to using its data to produce our regular external and internal publications, some of which had to be suspended, while others had to be published with provisional or partial information.

Support to the Navy included: separating the Quarterly Manpower Brief into two documents – one looking at broad groupings aimed at the Defence Management Board and one in more detail aimed at the Branch Managers.

Support to the Army included: monthly Short Term Forecasts of Army Officer and Soldier Strengths; support to the Gurkha Terms and Conditions of Service review; creation of Territorial Army mobilization and forecast models.

Support to the RAF included: the delivery of baseline forecasting products, and changing the schedule of the main baseline forecast to better fit the planning cycle.

Support to Tri-Service Personnel policy included: work to review and refine the short term forecasts of manpower for Defence Management Board; delivery of all data for Armed Forces Pay Review Board and the Senior Salaries Review Board; analysis of the first year Armed Forces Compensation Scheme data; provision of data for the Race Equality Scheme annual report.

Support to Civilian Personnel policy included: Performance Pay Bonus analysis; an enhanced monthly reporting of the civilian rundown looking at the monthly changes to Top Level Budget personnel numbers and the composition of the civilian staff redeployment pool; the estimation of all staff at Local Authority level.

#### Logistics, Surveys, Consultancy and Research

We provided analytical and IT support to DLO Optimised Support Planning, including the generation of a performance monitoring tool for Harrier IPT. We ran the annual prices exercise and the confidence checks of cyclic stocktaking, both of which are fundamental to the DLO maintaining the integrity of its stock account. We improved and extended our regular reports for the DLO\DPA Workforce Planning team, and developed new ones, (DLO and DPA have now merged to become Defence Equipment and Support - DE&S).

We had an increasing demand for survey research: completing the 2006/2007 Internal Communication survey; providing telephone surveys of awareness of the Civilian People Programme; extending the Civilian Attitudinal Survey to provide TLB information, developing analysis of attitudinal data and conducting supplementary research of non-responders; designing the sampling scheme and questionnaire for the quinquennial Service Expenditure Survey; designing and running the pilot survey for the Valuing and Investing in Service Personnel project; undertaking preparatory work for the first Armed Forces Continuous Attitude Survey, developing the questionnaire and designing the sample plan; running the Service Voting Habits Survey, the Survey of Personal Disturbance Allowance Expenditure and the Non Married Partners' Allowances Survey; conducting a Sexual Harassment Survey for male Service personnel; and designing a Sexual Harassment Survey for female Service personnel.

We also provided support to a range of, mainly, Service Personnel projects including: investigating factors that may affect the volatility of postings for Army soldiers, particularly in the context of super garrisons; contributing data and modelling assistance to the Armed Forces Strategic Review of Remuneration; providing assistance and advice in the development of the RAF Integrated Estate Development Plan.

### Directorate of Economics and Statistical Advice

DESA's Appraisal and Evaluation Branch scrutinised 321 business cases subject to central approval (compared to 313 last year). It completed a wholesale revision of JSP507 – MoD's Guide to Investment Appraisal & Evaluation - incorporating new practical guidance on Real Options and Project Evaluation and its continued work to raise standards of Department Appraisal and Evaluation was recorded by a further improvement in the quality of IAs with the preparation judged inadequate reduced from 35% to 18%.

The Economic Statistics Branch delivered Chapter 1 of UKDS to time and without error, published a Defence Statistics Bulletin (No 7) an "Estimated UK Regional Employment Dependent on MoD Expenditure and responded to over 370 requests for advice on price indices and Variation of Price clauses.

The General Branch completed a range of work supporting the Defence Industrial Strategy policy staff, while the Pay and Pensions Branch delivered its regular surveys of service leave and hours, quarterly War Pensions stats report and developmental work on service pay and expenditure survey.

### Health Statistics

Significant improvements in Defence health statistical information have been made in a number of areas, including operational casualty reporting, health and safety incident reporting, suicides, work-related deaths due to injury, rehabilitation from injury, patient care pathway tracking, and a series of projects related to the Kings Op TELIC health research programme. There has been direct involvement with developing the way data will be analysed from new electronic patient records that will be captured by the Defence Medical Information Capability Programme. We have also undertaken a significant amount of work with Defence Command Environment and Safety Officers and the Directorate of Safety and Claims to identify future Incident and Reporting Information System requirements. Alongside these achievements, a dramatic increase in the number of Parliamentary Questions (PQs) and FOI requests has been managed, with involvement in 96 of the 176 PQs received by DASA, compared with 22 out of 204 last year.

### Corporate Services Division

During 2006/07, DASA's Corporate Services Division has succeeded in delivering against a broad range of challenges. For example, in supporting the delivery of the wider National Statistics and SLA Key targets, the team supported manpower branches in receiving, processing and validating first live extracts from the Joint Personnel Administration system; supported the ongoing maintenance and development of manpower forecasting systems across the Agency and, with colleagues in the Health Statistics Division, continued to develop a new Defence Health Database.

In preparing for DASA's phased migration to the Future Defence Information Infrastructure, the team have successfully managed the closure of the old mainframe system, and migrated legacy data to new, more efficient servers. To provide access to the information in the new environment, new data access and analysis tools have also been successfully developed and rolled-out.

The Division has also been responsible for the development and early implementation of DASA's Information Strategy which, alongside the IT Strategy, will help to improve overall efficiency and increase Agency impact on decision and policy making. Early Information Strategy implementation has included:

- the creation of a data catalogue of DASA's key datasets, fields, formats and permissible values etc.  
- to improve internal access to information on data holdings and ease the specification of a longitudinal database and flexible dissemination tools.
- ongoing development of web-based ad hoc analysis system, which provides DASA analysts with a powerful data interrogation tool to run against the new JPA data, for example.
- work has also been completed on a framework for data holding and handling. This clarifies the steps that DASA must take to ensure compliance with the Data Protection Act and National Statistics Code of Practice in respect of data storage/access and its use for Statistical and Management Information purposes.

All of the above has been supported by DASA's newly created Programme Management Office and their success in increasing the understanding and use of formal programme and project management techniques across the Agency.

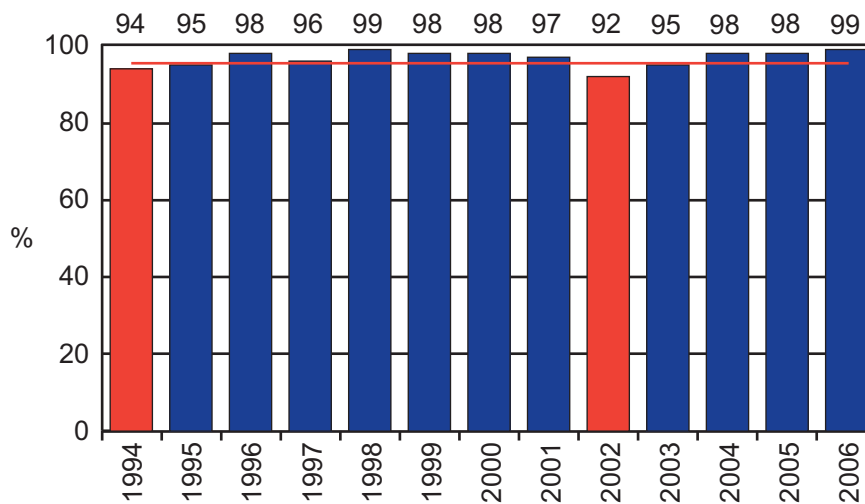
## Performance against Agency Key Targets for 2006/07

### Delivering Services to Meet Customer Needs

**Key Target 1. Support our MoD policy and decision making customers by meeting at least 95% of the timeliness and quality targets in our Service Level and Project Agreements, and by scoring at least 90% in our Customer Satisfaction Survey.**

Service Level Agreements with customers cover about 75% of DASA's work. They are reviewed with customers each year and made progressively more demanding. For other areas of DASA's business, project agreements are made with customers on what is to be delivered and when. This Key Target has been used since 1992/1993 and provides a continuous benchmark of DASA's performance. The target measures performance against over 470 timeliness and quality targets. *Met – 99% achieved.*

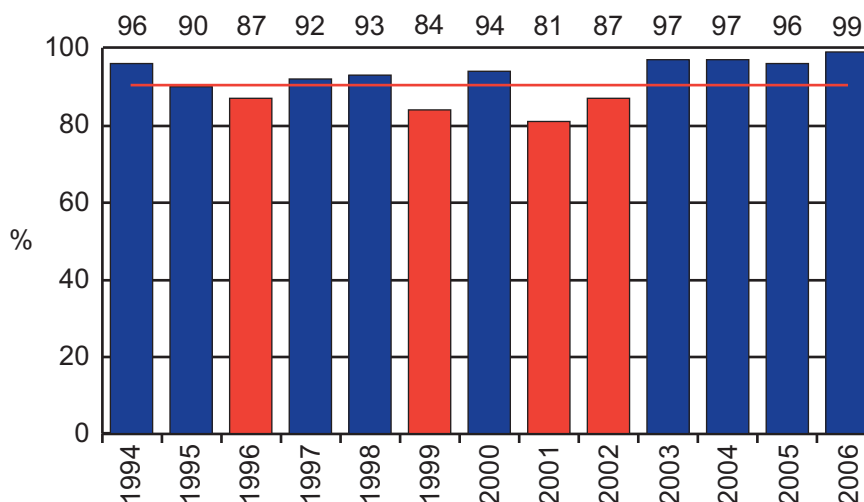
Graph 1: Timeliness and Quality Targets met



Each year DASA asks its main customers (about 70) a number of questions about their perception of the service they receive and how they expect it to change in the future. The responses are used to improve the service. A Key Target on customer satisfaction has been used since 1993/1994 and provides a continuous measure of performance.

*Met – 99.2% customer satisfaction*

Graph 2: Customers at least satisfied with the service



**Key Target 2. Increase DASA's support for policy and decision making within MoD by delivering five key new products and/or services.**

This is a new Key Target which was introduced to encourage and measure the introduction of new products and services to DASA customers. Four of the five new products identified were successfully introduced. A fifth has been delivered in part, however consultancy support to the customers which was included in the targets could not be delivered throughout the year. *Partially met.*

**Key Target 3. Support the Department's accountability by publishing the five key National Statistics on time, with no major errors and in accordance with national Statistics guidelines and protocols; by meeting at least 95% of the timeliness and quality targets for other defence National Statistics, and by meeting timeliness targets for answering Parliamentary Questions.**

DASA produces all defence National Statistics. 2003/04 was the first full year when DASA had to comply with the National Statistics Code of Practice. This Key Target measured DASA's performance against the over-130 timeliness and quality targets for defence National Statistics publications. All National Statistics publications have pre-announced release dates and National Statistics processes are subject to audit by the Statistics Commission. *Met.*

DASA was unable to meet its timeliness target for answering PQs, achieving 89% within the prescribed time limit, which was partly due to delays in receiving the PQ requests. *Not Met.*

**Key Target 4. Develop and agree, by end July 2006, a DASA Information Strategy; implement actions planned under that strategy for 2006/07.**

This strategy is designed to move the Agency towards having a greater impact within MOD by developing its capacity to contribute to the growing data, information and knowledge requirements of the Department and the Services. The Information Strategy will describe how DASA intends to obtain maximum value from information, by developing studies and tools which link a range of data on personnel and equipment, and to enable easier user access to information. *Met.*

**Key Target 5. Make sufficient efficiency gains to ensure DASA can implement and manage the new DASA JPA personnel data system. *Met.***

## **DASA Key Targets 2007/08**

The following key targets have been approved by the Minister for Armed Forces and announced to Parliament by means of a Written Statement on 17 May 2007.

Key Target 1: Support our MoD policy and decision making customers by exceeding 95% of the timeliness and quality targets in our Service Level and Project Agreements, and by exceeding 90% in our Customer Satisfaction Survey.

Key Target 2: Increase DASA's support for policy and decision making within MoD by delivering four key product and/or service developments.

Key Target 3: Support the Department's accountability by publishing the five key National Statistics on time, with no major errors and in accordance with national Statistics guidelines and protocols; by exceeding 95% of the timeliness and quality targets for other defence National Statistics.

Key Target 4: Respond to Parliamentary Questions within prescribed timescales.

Key Target 5: To implement all first stage projects outlined in the DASA Information Strategy Implementation Plan.

Key Target 6: To deliver Key Targets 1-5 whilst producing budget savings of 5%.



## Performance against the DASA Balanced Scorecard Scorecard Quadrant A: Meeting customer needs

- A1 To deliver analytical services to meet the needs of MoD customers  
 A2 To publish defence National Statistics, and meet other external needs  
 A3 To have more impact on decision and policy making within MoD  
 A4 Partnership with customers

Performance measures	Targets	Final Position
A1 Timeliness and quality of agreed products and services	Support MoD policy and decision making customers by meeting at least 95% of the timeliness and quality targets in our Service Level and project agreements, and by scoring at least 90% satisfaction level in our Customer Satisfaction Survey (Key Target 1)	99% achieved.
A2 Timeliness and quality of defence National Statistics	Support the Department's accountability by publishing the five key National Statistics on time, with no major errors and in accordance with national Statistics guidelines and protocols; by meeting at least 95% of the timeliness and quality targets for other defence National Statistics, and by meeting timeliness targets for answering Parliamentary Questions (Key Target 3)	100% of Key NatStats issued correctly. Of the 69 non-key NS, 69 were issued on time and there was 1 lapse in quality: 137 out of 138 targets met (99.3%). In 2006/07 DASA answered 224 (provisional) PQ's of which 200 (89%) were answered within 5 working days of receipt by DASA, 202 (90%) were answered within 6 working day; 203 (91%) within 7 working days; and 207 (92%) within 10 working days. (not met).
Regular publications to reflect commonly asked PQs and FOI questions	PQs and FOIs reviewed quarterly to identify further data/information for inclusion in DASA publications	Given the need to bed down JPA and related resource pressures, it has been decided not to force through non-essential changes to publication formats. UKDS was reviewed as usual with only minor changes being made.
External DASA website redeveloped	Website redeveloped in line with DASA information strategy requirements by end Q2 using best practice in user friendly design	Project underway, but not complete. Analysis and scoring of other statistical websites undertaken and a lot of effort invested in URD specification. Options for web hosting services also being considered. The redevelopment has not been completed in year due to the commitment of DASA's Web team to the development of an ad hoc analysis tool for JPA data (ARES2).
A3 Increase DASA's support for policy and decision making within MoD by delivering five key new products and/or services (Key Target 2)	Develop products and services to meet service manpower requirements from JPA data in line with DASA Information Development Strategy	Achieved.
	Delivery of the Pilot and First Wave surveys for Human Capital Research in the Service Personnel Plan	Achieved in part, First Wave target deferred.
	Delivery of the Land and Air data and analysis for the DLO's Optimised Support Planning Project	Achieved.
	Revision of JSP507 to incorporate practical guidance on Real Options and Project Evaluation implementing NAO report, providing on-demand consultancy service to TLBs and IPTs, with the aim of achieving further step change in quality of IAs and coverage of PEs	Achieved in part , but consultancy not met.
	Monthly casualty reporting, published on the internal and external MoD websites, from May 06 onwards, supported by casualty analysis and research reports (frequency and format to be agreed)	Achieved.
A4 Mutual understanding between DASA and its customers of DASA's capabilities and customer's information and analysis needs	Customer Advisory Groups to meet at least 6 monthly	Achieved.
	Design and roll out of customer relationship management training	Target suspended.



**Scorecard Quadrant B: Investing in Quality**

- B1 To understand and improve the quality and timeliness of defence statistics and analyses
- B2 To manage data inputs and suppliers effectively
- B3 To improve the efficiency and effectiveness of DASA's information systems and production processes
- B4 To maximise DASA's data assets and knowledge for the benefit of MoD

Performance measures		Targets	Final Position
B1	Compliance with National Statistics Code of Practice and other relevant legislation	No breaches requiring reporting to the National Statistician reported to the National Statistician	Achieved. No breaches reported.
		No breaches of the Data Protection Act	Achieved. No breaches reported.
	Documents to National Statistics standards	Develop documentation of existing and new outputs to National Statistics (NS) standards	Partially achieved – work ongoing.
	Establish an internal peer review function/ programme for reviewing DASA products and their methods of disseminations	Terms of Reference for Peer Reviews agreed and programme for 0607 issued by Q1. 0607 programme to be completed by end Q4	Achieved.
B2	Quality of input data	Monitor and review SLAs with major data suppliers	Achieved.
		Increase coverage of SLAs with data suppliers	Achieved.
		Introduce quality monitoring diagnostics as systems updated and new systems introduced	Achieved.
	MoD processes for the development of new administrative and data collection systems to reflect the need to consider wider data and information through consultation with DASA	Gain agreement from IAB Chairman/Sec by Q2 to amend Smart Approvals for IS enabled business change projects	No longer required.
B3	Quality and flexibility of DASA's production processes and systems	Rationalise IT platform according to IS Strategy plans and timetable	Achieved.
		Introduce programme of producing generic components for similar processes	Achieved.
		IT system supports new products and services planned in A3	Achieved.
B4	Development of Metadata catalogue	Develop catalogue of DASA data sets and make available on the Defence Intranet by Q3	Progress made but being carried forward to 07/08.
	Development of Best Practice guidance	Publish best practice survey guidance for MoD, endorsed by 2nd PUS, by Q2	No longer required.

**Scorecard Quadrant C: Developing our people**

- C1 To create an environment where people want to work  
 C2 To have the right number of people and right skills to deliver

	Performance measures	Targets	Final Position
C1	Staff satisfaction levels	Staff satisfaction to have increased by 10% compared to 0506 annual survey	Failed. Staff satisfaction recorded as 66%. (67% 05/06).
	Performance against MoD Equality and Diversity policy.	Annual Equality and Diversity report produced by Q3. Accepted recommendations made in previous reports acted upon by Q2	Not achieved.
	Jobs have job weight and tasks appropriate to their grade and specialism	Directors/Deputy Directors to review all Directorate/Divisional posts	Achieved.
C2	Sufficient staff in post to meet customer needs	Minimise recruitment times	Achieved.
	Development and training supported in line with IIP best practice and departmental standards	90% of DASA staff to have completed 60-100 hours of CPD per year of which 30-50 hours should be related to specialism (eg statistical/economic/accountancy/IT/business etc) plus mandatory training	Not measured in 06/07.
	Future skills requirement identified and, if different from current skills, plans to address the gap.	Identify future skills in line with DASA's Information Development Strategy, identify current skills, develop plans to address any gap	Project Management, MySQL and PHP software skills have been identified as current gaps. 2 DASA specific DPMT led project management courses have been held and a third is planned. MySQL and PHP training is underway as part of the SAS replacement programme.

**Scorecard Quadrant D: Building a better business**

- D1 To maintain a sound system of Corporate Governance
- D2 To ensure DASA will be able to meet the future needs of the MOD

Performance measures		Targets	Final Position
D1	Implement management actions from external audits	Implement accepted recommendations from 2005/06 NAO audit of DASA accounts	Substantially achieved.
	Risk identified and managed effectively	Risk Register is maintained by all Directorates/ Divisions and monitored on a monthly basis by the EC	Achieved.
	DASA finances managed effectively and efficiently	Deliver Corporate Plan within available funding	Achieved.
		Produce audited Annual Report and Accounts before Parliament goes into summer recess	Achieved.
		Make sufficient gains to provide the necessary resources to enable DASA to deliver Key Target 3 (Key Target 5)	Achieved.
	Compliance with Business Continuity, Health and Safety and security requirements	Issue of a unified DASA BCP, tested through a table-top exercise. Six monthly reports on SHEF produced with accepted recommendations implemented	Achieved.
D2	Internal processes are robust and support the strategic direction of DASA	Fully operational programme office which supports business prioritisation and resource allocation	Achieved.
		Timely and accurate, internally consistent management information	Improving.

## Resources

DASA is financed through grants of Supply approved annually by Parliament to meet the Net Cash Requirement of the MoD of which DASA is a part. Under the Government Resources and Accounts Act 2000, no resources may be drawn from the Fund by the MoD other than required for the service of the specified year or retained in excess of that need.

In 2006/07 DASA had an operating budget of £8.772M and a capital investment budget of £0.075M. The 05/06 operating cost statement has been re-stated to correct an error made in calculating notional accommodation and associated costs.

The Balance Sheet at 31 March 2007 shows a positive Taxpayer's Equity of £0.189M. To some extent this reflects a decrease in liabilities falling due in future years due mainly to the increased use of the Government Procurement Card and improved planning for expenditure during the year.

In common with government departments, the future financing of DASA's liabilities is to be met by future grants of Supply to the MoD to be approved by Parliament. Approval for amounts required for 2007/08 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

## Management of Resources

DASA has operated a system of delegated budgets during 2006/7, with each director and Deputy Director managing the finances in their own area.

## Risks

In 2006/07 DASA continued its formal approach to risk and issue management across the Agency as part of the work to enhance corporate governance. The main areas of risk are those which may damage DASA's credibility and reputation or prevent DASA from delivering to customers' expectations.

- **Data quality and supply** – poor quality and timeliness of data supply affect DASA's reputation, even though generally outside its control. Most of DASA's data comes from the Department's administrative systems, many of which have been or are about to change. Stability and confidence in the new data takes a considerable time, post roll-out, to achieve. The new systems being introduced, such as JPA, offer the potential for better data, but only if there is continuing investment and attention to data collection. DASA's mitigation is the implementation of more robust data quality controls, the construction of meta-data to describe DASA's holdings and more flexible systems to enable corrective rework when required, at lower cost. These actions form part of DASA's Information Strategy which was successfully launched in 2006/07.
- **Technology** – DASA relies heavily on IS/IT, and has seen many business benefits over many years from the prompt adoption of technology lead advances. However, with basic infrastructure passing to Defence Information Infrastructure (DII) there is a risk the provided service will not keep pace with DASA's developments. In mitigation, processing is being moved from desktops to core systems with high levels of protection for data and data recovery. Major work is underway to produce web based products for customers which aid the benefits realisation for DII by utilising the connectivity to reach growing numbers of the department. Again, these actions form part of DASA's Information Strategy.
- **Recruitment and Retention of staff** – DASA's ability to deliver depends on having sufficient staff with the right skills. Resilience remains a key issue in DASA's small dispersed organisation. A number of enforced accommodation moves which are likely to take place between 2007 and 2009 are anticipated to increase the challenge of maintaining a workforce of the necessary numbers and skills. DASA will continue to aspire to be a good employer, offering challenging jobs, providing development and training and work/life balance, but perception of poor pay and progression remains a factor for people leaving the agency.

DASA's net operating costs, including notional costs, were £10.858M which compares with £9.854M (restated) in 2005/06. The 2005/06 Operating Cost Statement has been re-stated to correct an error made in calculating Notional Costs for Accommodation and Associated Costs.

Within the 2006/07 operating cost staff costs have increased by £340K from the previous year. The reasons for the change are pay increases and re-grading of some posts. The staff costs were below budget and planned.

There have been increases in Supplies and Services consumed of £636k, with £509k of this being due to increases in IT running costs as ownership of the IT assets has been transferred to another part of the MoD and DASA now pays a maintenance charge for them.

### **Financial Performance**

Tangible Fixed Assets have reduced by £186K from 2005/06 largely due to the transfer of key IT assets to the MoD Single Balance Sheet Owner –Director General Information Systems and Services, Defence Equipment and Support (formerly DCSA).

There has been a decrease in Creditors Falling Due Within 1 Year, to some extent due to an increased use of the Government Procurement Card.

As Accounting Officer of DASA, I am responsible for the disclosure of relevant audit information. I can confirm that:

- There is no relevant audit information of which the auditors are unaware;
- I have taken all necessary steps to ensure that I am aware of the relevant audit information; and
- I have taken all necessary steps to establish that the auditors are aware of the information.

**Mike McDowall**  
**CE DASA**  
**28 June 2007**

## Remuneration Report

a. Members of the DASA Executive Committee (EC) have substantive civil service contracts. Appointments may be terminated in accordance with the Civil Service Management Code.

b. Salaries of the EC are determined through the Senior Civil Service Salaries Review Body, the Senior Salaries Review Body or as part of a Departmental pay award as appropriate.

c. The salary and pension entitlements of the Management Board are shown below. The disclosure note has been drawn up in accordance with DAO(GEN)12/00 dated 21 December 2000. The following information is audited.

	Salary, including performance pay		Real increase in pension	Real increase in lump sum	Total accrued pension at 60 at 31 March 2007	Total accrued lump sum at 60 at 31 March 2007	Cash Equivalent Transfer Value		
	<i>(in bands of £5,000)</i>		<i>(in bands of £2,500)</i>				<i>(to the nearest £1,000)</i>		
	06/07 £000s	05/06 £000s	06/07 £000s	06/07 £000s	06/07 £000s	06/07 £000s	31 March 2007 £000s	31 March 2006 £000s	Real Increase Funded by Employer £000s
<b>Mike McDowall</b> Chief Executive	95-100	100-105	0-2.5	(0-2.5)	42.5-45.0	110.0-112.5	954	898	21
<b>Nick Blatchley</b> Deputy Director Health Division	50-55	55-60	0-2.5	0-2.5	10.0-12.5	32.5-35.0	253	244	8
<b>Jason Bradbury</b> Deputy Director Corporate Services Division (From June 2006 - showing annual salary)	55-60	Not on Board	0-2.5	0	10.0-12.5	0	99	93	5
<b>Neil Davies</b> Director Economic Statistics and Advice	70-75	75-80	0-2.5	(0-2.5)	25.0-27.5	65.0-67.5	424	404	8
<b>Janet Dougharty</b> Director Personnel Statistics and Planning	60-65	55-60	0-2.5	0-2.5	20.0-22.5	65.0-67.5	395	386	2
<b>Nigel Gerdes</b> Deputy Director Corporate Services Division (To June 2006)	10-15	55-60	0-2.5	0-2.5	2.5-5.0	12.5-15.0	79	77	1
<b>Ian Gouldbourne</b> Director Logistics, Surveys, Consultancy & Research	60-65	60-65	0-2.5	0-2.5	17.5-20.0	55.0-57.5	295	283	7

The factors used to calculate the CETV for members of the PCSPS were revised for 2006/07 following advice from the Cabinet Office. The figures for 31 March 2006 have been recalculated using the new factors and this has led to changes to the figures published last year.

None of the above received benefits in kind.

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

The 2006/07 salary figures do not include the outstanding bonus scheme payments as these are yet to be determined but will include the 2005/6 bonus scheme payments. This is due to the bonus scheme being applied on staff year end performance reports which are not complete until late March and therefore paid in arrears.

**d. Remuneration of external members of DASA's Boards and Committees**

i Remuneration of external members of the Strategic Board and DASA's Advisory Board:

External members of the Owner's Advisory Board are paid centrally an annual fee of £5,000 each (2005/06 £5,000).

ii Remuneration of the Chairman of the Corporate Governance Committee:

The independent Chair of the Corporate Governance Committee, who is also a member of the Strategic Board and sits as an independent member on bonus panels, is paid a per diem fee of £350 for meetings attended. In 2006/07 this amounted to £7,633 (2005/06 £12,764).

**e. Pensions**

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Price Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with some benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk), and in the accounting policy in note 1,viii of the accounts.

Columns 7 & 8 of the remuneration table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 9 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**Mike McDowall**  
**CE DASA**  
**28 June 2007**

## Statement of the Agency's and Chief Executive's Responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000 the Treasury has directed the Defence Analytical Services Agency to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its net operating cost, recognised gains and losses and cash flows for the financial year.

In preparing the Accounts the Agency and the Chief Executive is required to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Departmental Accounting Officer for the Ministry of Defence has designated the Chief Executive of the Defence Analytical Services Agency as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in 'Government Accounting'.

**Mike McDowall**  
**CE DASA**  
**28 June 2007**



## Statement on Internal Control – 2006/07 – DASA

### 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of DASA's policies, aims and objectives, set by DASA's Owner and Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me by the Ministry of Defence's Permanent Under Secretary in my Letters of Designation and Delegation and set out in *Government Accounting*.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in DASA for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

### 3. Capacity to handle risk

Leadership is given to the management of risk by:

- The Directors' commitment to the operation of the corporate risk and issues system and log;
- A risk policy which clearly defines ownership of risks and issues and actively progresses control and mitigation;
- The support of projects being run using formal project management methodology and thus having risk and issues logs that are actively managed;
- An independent chair of the Corporate Governance Committee advising the Chief Executive;
- Feedback mechanisms allowing risks and issues to be raised at any level, formally or informally, and an open "no blame" culture that allows risks to be addressed.

Staff training is provided in risk management in accordance with MoD guidelines by MoD training courses. DASA staff who are working in project management have training which covers risk management.

#### 4. The risk and control framework

DASA's capacity to handle risk has been developed using Treasury and MoD guidance and is overseen by DASA's Corporate Governance Committee. This committee is chaired by an independent member, and includes representatives of the National Audit Office and Defence Internal Audit.

The framework within DASA for the identification and control of risk includes:

- A comprehensive planning process, which takes into account stakeholders' views, to construct DASA's Corporate Plan and set DASA's corporate objectives and targets. The Corporate Plan, which is approved by the Owner and his Advisory Board, identifies what DASA is expected to deliver and the risks to delivery and cascades into objectives for Branches and individuals;
- A performance management system with quarterly reporting to the Agency Owner;
- A risk management policy and guidance backed up by an on-line system for reporting and monitoring risks, and which assesses risks for control at the appropriate level;
- Regular monitoring and review of progress, and of the DASA corporate risk register, is conducted by DASA's Strategic Board and Executive Committee and overseen by the Corporate Governance Committee;
- Opportunities to discuss stakeholders' requirements, priorities and expectation include the Owner's Advisory Board, Customer Advisory Groups and regular performance reviews against Service Level Agreements;
- A system of financial control and audit implemented by DASA's own Finance Team in conformity with Government Accounting and Departmental directions, supported by DIA and overseen by the Corporate Governance Committee;
- A systematic approach to security and Safety, Health, Environment and Fire (SHEF) risks and issues with representation in all locations and an active SHEF committee chaired by myself;
- Special arrangements for ensuring DASA's Defence National Statistics conform to the National Statistics Code of Practice. Compliance is reported annually to the National Statistician and is subject to audit by the Statistics Commission. All National Statistics are subject to periodic quality reviews, which include external assessment. DASA's activities under National Statistics are co-ordinated by its National Statistics Steering Group.

## 5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the independent chair of DASA's Corporate Governance Committee. Plans to address weaknesses and ensure continuous improvement of the systems are in place.

The key findings of my review are:

- No systems failures of materiality which could affect the Agency's defence outputs occurred;
- Fraud, theft and financial abuse. No incidents were reported or identified during the year;
- Health of financial systems questionnaire. The questionnaire was completed on time with no weaknesses to report. Management checks are undertaken on transactions in accordance with Central TLB Assurance Matrix;
- NAO Management Letter. Good progress has been made in respect of the observations made in last year's audit;
- Business Continuity Plans. A test of DASA's plan was undertaken and followed by a lessons learned exercise;
- IT Security. An audit was undertaken and recommendations acted upon;
- SHEF. No significant incidents occurred during the year;
- Agency risk and issues register. The register is reviewed on a monthly basis by the Executive Committee;
- The Programme Office has developed and does now support and facilitate resource and project management within the Agency;
- Innovation. I am satisfied that the process of developing the Corporate Plan; the various feedback mechanisms in the Agency; and a culture of encouraging continuous development, all contribute to DASA's ability to identify and exploit opportunities;
- Sharing risks. The Agency continues to discuss risks around major projects with customers and stakeholders;
- Non-executive directors. Our non-executive directors are involved in the development of the Agency's business.
- Prior year adjustment. An error was discovered in the way notional costs had been calculated, additional focus will be directed to this area.

**Mike McDowall**  
**CE DASA**  
**28 June 2007**

## **Defence Analytical Services Agency**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons**

I certify that I have audited the financial statements of DASA for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

### **Respective responsibilities of the Agency, the Chief Executive and auditor**

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report which comprises the Foreword by the Chief Executive, Directors' Report and Management Commentary and Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

### Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2007, and of the net operating cost, statement of recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Annual Report, which is consistent with the financial statements.

### Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Report

I have no observations to make on these financial statements.

*John Bourn*

*Comptroller and Auditor General*

*National Audit Office*

*157-197 Buckingham Palace Road*

*Victoria*

*London SW1W 9SP*

*02 July 2007*

## 2006/07 STATEMENT OF ACCOUNTS

### OPERATING COST STATEMENT for the Year ended 31 March 2007

Operating Costs	Notes	2006/07 £000	2005/06 As Restated £000
Staff Costs	2	7,296	6,956
Supplies and Services Consumed	3	1,309	673
Accommodation and Associated Costs	4	1,381	1,482
Other Administration Costs	5	872	743
<b>Net Operating Cost</b>		<b>10,858</b>	<b>9,854</b>

Statement of Recognised Gains and Losses	2006/07 £000	2005/06 As Restated £000
Net Operating Costs for the financial year	10,858	9,854
Total recognised costs relating to the year	10,858	-
Prior year Adjustment (note 1, xi refers)	853	-
Total operating costs recognised since last annual report	<b>11,711</b>	<b>9,854</b>

All expenditure relates to continuing operations.

The notes on pages 31 to 39 form part of these accounts. The movement on the General Fund is set out at note 11 on page 36.

**BALANCE SHEET**  
as at 31 March 2007

	Notes	31 March 2007 £000	31 March 2006 £000
<b>Fixed Assets</b>			
Tangible Fixed Assets	6	526	712
<b>Current Assets</b>			
Debtors	7	10	0
<b>Current Liabilities</b>			
Creditors amounts falling due within one year	8	(347)	(441)
<b>Net Current Liabilities</b>		(337)	(441)
<b>Total Assets Less Liabilities</b>		189	271
<b>NET ASSETS</b>		189	271
<b>Taxpayers' Equity</b>			
General Fund	11	189	271
<b>CAPITAL</b>		189	271

**Mike McDowall**  
**CE DASA**  
**28 June 2007**

The Financial Statements were authorised to be issued on 02 July 2007. The authorised for issue date represents the date of despatch by the Accounting Officer for laying before the House of Commons.

The notes on pages 31 to 39 form part of these accounts.

**CASH FLOW STATEMENT**  
for the year ended 31 March 2007

	Notes	2006/07 £000	2005/06 £000
<b>Net Cash Outflow from Operating Activities</b>	12	8,535	8,661
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		60	342
<b>Net Cash Outflow before Financing</b>		<b>8,595</b>	<b>9,003</b>
Net Financing from Defence Resource Account		8,595	9,003
<b>Financing</b>		<b>8,595</b>	<b>9,003</b>
<b>Movement in Cash</b>		<b>0</b>	<b>0</b>

The notes on pages 31 to 39 form part of these accounts.



## **NOTES TO THE ACCOUNTS**

### **Note 1. Accounting Policies**

#### **i. Statement of Account Policies**

The financial statements have been prepared in accordance with the Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### **ii. Accounting Convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

#### **iii. Value Added Tax**

The Agency is not separately registered for Value Added Tax (VAT) and VAT collected is accounted for centrally by the Ministry of Defence. The Agency's accounts do, however, include non-recoverable VAT attributable to its activities.

#### **iv. Notional charges**

##### **a. Audit Fee**

DASA is not charged an audit fee by the National Audit Office. The audit fee disclosed represents the notional charge to the Operating Cost Statement based on the cost of services provided.

##### **b. Intra-departmental Services**

Notional amounts are included in operating costs for charges in respect of services provided from other areas of the Ministry of Defence. The amounts charged are calculated to reflect the full cost of providing these services to the Agency.

##### **c. Cost of Capital**

A notional charge for cost of capital is included in operating costs. This is calculated as 3.5 per cent of the average monthly value of net total assets (3.5% in 2005/06).

#### **v. Tangible Fixed Assets and Depreciation**

On 1 April the Ministry of Defence transferred responsibility for accounting for fixed assets from the Defence Analytical Services Agency to other parts of the Department. Where the Agency retains the risks and rewards of ownership of these assets they continue to be accounted for on the Agency's balance sheet in accordance with FRS 5 and SSAP 21. In all other cases the costs of the use of these assets are communicated to the Defence Analytical Services Agency by the asset owners and charged to the operating cost statement.

Where the Agency retains the risks and rewards of ownership the following notes apply:

##### **a. Capitalisation and Revaluation**

Computers and office equipment are capitalised where the useful life exceeds one year and the cost of acquisition and installation exceeds the capitalisation threshold of £1,000. The values of fixed assets are revised annually, between formal revaluations, using indices provided by the Department.

Adjustments arising on revaluation of fixed assets, including adjustments to previous depreciation provisions (backlog depreciation) are taken to a revaluation reserve. Any impairment in the value of fixed assets is charged to the Operating Cost Statement as an Other Administration Cost.

#### **b. Depreciation**

Depreciation on computers and office equipment is provided at rates calculated to write off the cost of acquisition or valuation by equal instalments over the asset's estimated useful life. Asset lives are periodically reviewed for technological obsolescence. Estimated useful lives are as follows:

<u>Asset category</u>	<u>Estimated useful life</u>
Computer hardware (including networks):	2 to 5 years.
Office machinery	5 to 10 years.

#### **vi. Creditors due within one year**

Creditors due within one year represent the amount due to suppliers within one year for goods and services including accrued expenses and liabilities.

#### **vii. Stocks**

The Agency does not hold significant stocks.

#### **viii. Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and non-contributory.

The Agency recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis.

Liabilities for payment of future benefits are a charge on the PCSPS.

#### **ix. Cash Balances**

Apart from minor transactions through a local imprest account which was closed on 30 September 2006 and was cleared to a nil balance at that time, the Agency does not pay or receive money on its own account. All other cash payments are made by the MOD's central accounting organisations on behalf of the Agency. All transactions both locally and centrally processed, are brought to account by MOD in the Departmental Resource Account and are disclosed in aggregate in the Cash Flow Statement.

#### **x. Taxation and Social Security**

As the Ministry of Defence charges the Agency during the year with the gross payments, inclusive of PAYE and National Insurance contributions, due to Agency employees, the Department is liable for the payment of any liabilities which may be due to the Inland Revenue or Department for Work and Pensions at the Balance Sheet date, and these are not disclosed in the Agency's balance sheet.

#### **xi. Prior Year Adjustment**

The Agency has discovered an error in its calculation of 2005/6 notional costs for accommodation and associated costs. Accordingly prior year figures have been restated to reflect the correct charge to the Agency. These amounted to an increase of £853,000 in net operating costs for 2005/6. There was no impact to the Cash Flow or on Taxpayer's equity.

**Note 2. Staff Costs and Numbers****i. Staff Costs were as follows:**

	<b>2006/07</b>	<b>2005/06</b>
	<b>£000</b>	<b>£000</b>
Salaries, wages and allowances	5,747	5,506
Social security costs	468	452
Pension costs	1,081	998
	<b>7,296</b>	<b>6,956</b>

Salary costs also include taxable payments attributable to a special bonus scheme whereby civilian staff are paid a bonus in recognition of a well performed one-off task. Currently there is no limit on the number of awards that can be made within a financial year, although the total value of these bonus payments should not exceed 0.4% of the overall civilian payroll.

Staff are covered by the provisions of the PCSPS. The PCSPS is an unfunded multi-employer defined benefit scheme but the Agency is unable to identify its share of the underlying assets and liabilities.

A full actuarial valuation was carried out at 31 March 2003 and details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2006/07, employer's contributions of £1,081,000 were payable to the PCSPS (£998,000 in 2005/06) at one of four rates in the range of 17.1% to 25.5% of pensionable pay based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation.

Rates, subject to revalorisation of the salary bands, were increased from 1 April 2005. The contribution rates reflect benefits as they are accrued not when the costs are actually incurred and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Only two member of staff have taken up this option as at 31st March 2007.

**ii. The average number of full time equivalent employees during the year was:**

	<b>2006/07</b>	<b>2005/06</b>
Full time equivalent employees	199	201

**Note 3. Supplies and Services Consumed**

Supplies and Services consumed comprise cash and notional cost elements as follows:	<b>2006/07</b>	<b>2005/06</b>
	<b>£000</b>	<b>£000</b>
Data preparation, production and other contracted out services	359	229
Stationery	28	31
IT running costs	922	413
	<b>1,309</b>	<b>673</b>

**Note 4. Accommodation and Associated Costs**

Other administration costs comprise cash costs and non-cash cost and notional cost elements as follows:	<b>2006/07</b>	<b>2005/06</b>
	<b>£000</b>	<b>As Restated £000</b>
Rent	630	635
Contribution in lieu of rates	120	141
Utilities	116	102
Telecommunications	55	29
Works and Maintenance	460	575
	<b>1,381</b>	<b>1,482</b>

**Note 5. Other Administration Costs**

Other administration costs comprise cash costs and non-cash cost and notional cost elements as follows:	<b>2006/07</b>	<b>2005/06</b>
	<b>£000</b>	<b>£000</b>
Travel and Subsistence	238	329
Office Running Costs	172	134
Services provided by MOD	234	245
Audit Fee	31	29
Depreciation	99	85
Net write off/(on) of Computer and Office Equipment	82	(77)
Cost of Capital	16	(2)
	<b>872</b>	<b>743</b>

**Note 6. Tangible Fixed Assets**

Computers and Office Equipment	<b>2006/07</b>	<b>2005/06</b>
	<b>£000</b>	<b>£000</b>
Cost or Valuation at 1 April	1,536	1,406
Additions	133	369
Revaluation	(21)	(181)
Fixed Assets Transferred off (incl SBSO)	(977)	(85)
Fixed Assets Transferred on	0	27
Valuation at 31 March	<b>651</b>	<b>1,536</b>
Accumulative Depreciation at 1 April	824	1,055
Depreciation charge during the year	99	85
Revaluation	(15)	(138)
Depreciation adjustment	0	(183)
Depreciation charge during the year for fixed asset write on	0	5
Accumulative Depreciation transferred off (incl SBSO)	(783)	0
Accumulative Depreciation at 31 March	<b>125</b>	<b>824</b>
Net book Value at 31 March	<b>526</b>	<b>712</b>
Net book Value at 1 April	<b>712</b>	<b>351</b>

Transfers to the Single Balance Sheet Owner (SBSO) refer to Assets transferred to the Defence Communications Services Agency (now DE&S), Defence Estates, and the Defence Logistics Organisation (now DE&S).

Tangible Fixed Assets for 2005/6 included one Asset Under the Course of Construction (AUC). The value of this asset in 2005/6 was £435,142. The value in 2006/7 upon completion is £475,426.

**Note 7. Debtors**

Amounts falling due within one year:	<b>31 March</b>	<b>31 March</b>
	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Prepayments	10	0
	<b>10</b>	<b>0</b>

There are no amounts included within debtors owed by other Central Government Bodies.

**Note 8. Creditors**

Amounts falling due within one year:	<b>31 March</b>	<b>31 March</b>
	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	(65)	(156)
Capital creditors	(73)	(27)
Other creditors	(209)	(258)
	<b>(347)</b>	<b>(441)</b>

There are no amounts included within creditors owed to other Central Government Bodies.

**Note 9. Provisions for Liabilities and Charges**

DASA has no provisions for Liabilities and Charges in the accounts in either the current or prior year.

**Note 10. Capital Commitments**

There is no capital expenditure that has been contracted for but has not been provided for in the accounts in either current or prior year.

**Note 11. Reconciliation of Net Operating Cost to Changes in General Fund**

This note also includes the movement in Government Funds.	<b>Notes</b>	<b>2006/07</b>	<b>2005/06</b>
		<b>£000</b>	<b>As Restated £000</b>
Net financing from Defence Resource Account		8,595	9,003
Notional Items	13	2,181	1,790
Less: Net operating Cost		(10,858)	(9,854)
Net (decrease)/increase in General Fund		<b>(82)</b>	<b>939</b>
General Fund Opening Balance		<b>271</b>	<b>(668)</b>
General Fund Closing Balance		<b>189</b>	<b>271</b>

**Note 12. Reconciliation of Net Operating Costs to Operating Cost Cash Flows**

	<b>Notes</b>	<b>2006/07</b>	<b>2005/06</b>
		<b>£000</b>	<b>As Restated £000</b>
<b>Net Operating Cost</b>		10,858	9,854
<b>Adjustment for notional and non-cash transactions</b>			
Depreciation	13	(99)	(85)
Net write (off)/on of computer and office equipment	13	(82)	77
Fixed Asset Transfer in year to SBSO	13	(138)	0
<u>Notional and Non-Cash Charges included in:</u>			
Supplies and Services Consumed	13	(534)	(1)
Accommodation and Associated Costs	13	(1,366)	(1,517)
Other Administration Costs	13	(281)	(272)
<u>Movements in net current assets</u>			
Increase/(decrease) in debtors and prepayments	7	10	(41)
Decrease in creditors due within 1 year	8	167	646
Movement in provision for liabilities and charges	9	0	0
<b>Net Cash Outflow from Operating Activities</b>		<b>8,535</b>	<b>8,661</b>

## Note 13. Non-Cash and Notional Items

	2006/07	2005/06
	£000	As Restated £000
<b><u>Notional Costs</u></b>		
<b>Supplies and Services Consumed</b>		
IT Running Costs	534	1
	<hr/> 534	<hr/> 1
<b>Accommodation and Associated Costs</b>		
Rent	630	635
CILOR	120	141
Utilities	116	102
Telecommunications	49	75
Works and Maintenance	451	564
	<hr/> 1,366	<hr/> 1,517
<b>Other Administration Costs</b>		
Services provided by MOD	234	245
Audit Fee	31	29
Cost of Capital Charge	16	(2)
	<hr/> 281	<hr/> 272
<b>Total Notional Costs</b>	<b>2,181</b>	<b>1,790</b>
Depreciation	99	85
Revaluation of Fixed Assets	(1)	0
Net write down of computer and office equipment.	82	(77)
	<hr/>	<hr/>
<b>Tangible Fixed Assets</b>		
Net Value of Fixed Asset Transfers in year to SBSO	138	0
	318	8
	<hr/>	<hr/>
<b>Total notional and non-cash costs</b>	<b>2,499</b>	<b>1,798</b>

DASA Desktop IT Service is now provided by DGISS DE&S, all of our Desktop IT assets were transferred to Defence Information Infrastructure (DII) on 1 April 2006.



## Note 14. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the largely non-trading nature of its activities and the way in which government Agencies are financed, the Agency is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities, or for trading. The fair values of all the Agency's financial assets and liabilities approximate to their book values. In line with FRS 13, short term debtors and creditors (those which mature or become payable within 12 months from the balance sheet date) have been excluded from these disclosures (except for those relating to currency risk).

### Interest rate risk

The Agency has no financial assets and liabilities on which interest is earned or paid. The Agency is therefore not exposed to significant interest rate risk.

### Foreign currency risk

The Agency does not hold assets or liabilities denominated in a foreign currency, and income and expenditure denominated in a foreign currency is negligible. The Agency is therefore not exposed to significant currency risk.

The Ministry of Defence, through whose Resource Account the Agency is financed, enters into forward purchase contracts annually with the Bank of England to cover the majority of its foreign exchange requirements for the following year. The details of the outstanding foreign currency contracts are given in its Departmental Resource Account.

### Liquidity risk

The Agency is not exposed to significant liquidity risk, as liquidity requirements are met by financing from the Ministry of Defence Resource Account, and it has no borrowing facilities. The Department's resource requirements are voted annually by Parliament.

## Note 15. Related Party Transactions

DASA is an Agency of the Ministry of Defence, which is regarded as a related party. During the period 1 April 2006 to 31 March 2007 the Defence Analytical Services Agency has had significant material transactions with the Ministry of Defence. During the year none of the senior staff and other key management staff, or other related parties, has undertaken any material transactions with the Defence Analytical Services Agency.

## Note 16. Post Balance Sheet Events

There has been no post Balance Sheet events.





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